

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-08
FRB-03 INR-10 NSAE-00 SP-02 STR-07 TRSE-00 LAB-04
SIL-01 OMB-01 IO-13 AF-10 ARA-10 EA-10 NEA-10
/108 W

-----053878 162250Z /23

R 162212Z FEB 78
FM AMEMBASSY BRUSSELS
TO SECSTATE WASHDC 4957
INFO ALL EC CAPITALS

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USEEC

E.O. 11652: N/A
TAGS: EAID, EEC, CIEC
SUBJ: EC CONTRIBUTION TO CIEC SPECIAL ACTION FUND:
DRAFT AGREEMENT REACHED WITH IDA

REF: 77 BRUSSELS 17488

1. AS REPORTED REFTEL, EC DEVELOPMENT COUNCIL NOVEMBER 28 AUTHORIZED EC COMMISSION TO NEGOTIATE AN AGREEMENT WITH INTERNATIONAL DEVELOPMENT ASSOCIATION (IDA) GOVERNING THE ALLOTMENT OF THE EC'S \$385 MILLION CONTRIBUTION TO CIEC SPECIAL ACTION FUND. COUNCIL ALSO AGREED ON CRITERIA TO BE USED BY IDA IN PROGRAMMING THESE FUNDS, STIPULATING THAT NO CONTINENT SHOULD RECEIVE MORE THAN 50 PERCENT, AND NO COUNTRY MORE THAN 20 PERCENT OF TOTAL COMMUNITY CONTRIBUTION.

2. JANUARY 27, EC COMMISSION OFFICIALS COMPLETED NEGOTIATIONS ON DRAFT AGREEMENT WITH IDA REPS (HEADED BY VICE PRESIDENT CARGILL) ON MODALITIES FOR PROGRAMMING
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EC FUNDS. MISSION IS INFORMED THAT VARIOUS LEGAL AND PROCEDURAL ISSUES HAVE BEEN IRONED OUT TO SATISFACTION OF BOTH SIDES. DRAFT EC-IDA AGREEMENT WILL BE CONSIDERED IN EC COMMITTEE OF PERMANENT REPRESENTATIVES (COREPER) THIS WEEK AND IS EXPECTED TO BE APPROVED BY EC COUNCIL AT AN EARLY DATE. DOCUMENT WILL THEN GO TO EC MEMBER STATES FOR RATIFICATION. IDA REPORTEDLY HAS

PLEDGED ITS BEST EFFORTS TO COMMIT FUNDS WITHIN SIX MONTHS OF ENTRY INTO FORCE OF AGREEMENT; TO THIS END, WE ARE TOLD, PROJECT APPRAISALS WILL BEGIN IMMEDIATELY FOLLOWING APPROVAL OF DOCUMENT BY IDA BOARD.

3. EVEN THOUGH SUBSTANTIVE POSITIONS WERE QUITE CLOSE, DUE TO IDA AUTHORITIES' RELUCTANCE TO ACCEPT ANY .. CONDITIONS ON ALLOTMENT OF FUNDS PROVIDED TO IT, A FORMULA WAS NEEDED MEETING BOTH EC COUNCIL'S CRITERIA FOR PROGRAMMING FUNDS AND LEGAL AND PRESENTATIONAL REQUIREMENTS OF IDA BOARD IN THIS REGARD. FOLLOWING FORMULA WAS AGREED TO: INSTEAD OF ENDORSING AND INCORPORATING EC COUNCIL'S CRITERIA FOR COUNTRY-BY-COUNTRY DISTRIBUTION OF DEVELOPMENT AID INTO THE DRAFT AGREEMENT, THERE WILL BE A LETTER ATTACHED TO IT INVITING THE EC'S ATTENTION TO THE FACT THAT NO CONTINENT WILL RECEIVE MORE THAN 50 PERCENT AND NO ONE , ""LECTING PERCENT OF SPECIAL ACTION ACCOUNT. (TABLE REFLECTING PROPOSED BREAKDOWN OF EC CONTRIBUTION TO SPECIAL ACTION FUND IS REPRODUCED IN PARA 6 BELOW.)

4. ANOTHER ISSUE SUCCESSFULLY DISPOSED OF IN RECENT EC-IDA NEGOTIATIONS CONCERNS TENDERING PROCEDURES: IT WAS AGREED THAT IN ADDITION TO EC MEMBER STATES, ANY COUNTRY APPEARING ON LIST OF INTENDED AID BENEFICIARIES WOULD BE ELIGIBLE TO BID ON RELATED CONTRACTS, WHETHER OR NOT SUCH A COUNTRY ULTIMATELY RECEIVED PROJECT ASSISTANCE. LIMITED OFFICIAL USE

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THIS FORMULATION IS IN CONFORMITY WITH IDA PRACTICE.

5. COMMISSION OFFICIALS TOLD MISSION OFFICER THAT INDIVIDUAL EC MEMBER STATE CONTRIBUTIONS TO \$385 MILLION TOTAL MAY BE PAID IN TWO INSTALLMENTS: 45 PERCENT OF CONTRIBUTION IS DUE 30 DAYS AFTER ENTRY INTO FORCE OF AGREEMENT WITH IDA; REMAINDER IS DUE BY JANUARY 1, 1979. EACH MEMBER'S SHARE OF THE \$385 MILLION IS AS FOLLOWS, IN MILLIONS OF DOLLARS: WEST GERMANY 119.08, UNITED KINGDOM 115, FRANCE 56.48, ITALY 34.92, NETHERLANDS 30.80, BELGIUM 15.90, DENMARK 11.28, IRELAND 1.04, LUXEMBOURG 0.50.

6. PROPOSED COUNTRY-BY-COUNTRY BREAKDOWN OF EC SPECIAL ACTION FUND ASSISTANCE IS AS FOLLOWS:

PROPOSED BENEFICIARY AMT. (IN MILLIONS OF \$)

AFGHANISTAN	4
BANGLADESH	40
BENIN	3
BURMA	18
BURUNDI	1
CENTRAL AFRICAN EMPIRE	0.5
CARIBBEAN ISLANDS	0.8

CHAD	5.5	
COMORO ISLANDS		0.7
CONGO	2	
EGYPT	34.5	
ETHIOPIA	10	
GAMBIA	1	
GHANA	5.5	
GUINEA	4	
GUINEA-BISSAU		1
HAITI	5.5	
INDIA	45	

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FM AMEMBASSY BRUSSELS
TO SECSTATE WASHDC 4958
INFO ALL EC CAPITALS

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USEEC

INDONESIA	5
KENYA	4
LAOS	2.5
LESOTHO	2.2
LIBERIA	2
MADAGASCAR	9
MALAWI	7.5
MALI	8
MAURITANIA	1.5
NEPAL	11.5
NIGER	2
PAKISTAN	32
RUANDA	1.5
SENEGAL	4.5
TANZANIA	21.5

SIERRA LEONE	3
SOMALIA	1.5
SRI LANKA	13
SUDAN	20.5
TOGO	3.5

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UPPER VOLTA	8
VIETNAM	16
WESTERN SAMOA	0.3
YEMEN (NORTH)	2.5
YEMEN (SOUTH)	3
ZAIRE	14
ZAMBIA	3. HINTON

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Message Attributes

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